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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: JUL 17 1951

- NOTE: 1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
2. Comments represent the preliminary views of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
- "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"B" USSR. New Soviet Periodical in English-Language Makes Appearance. With no advance publicity, a new English-language magazine, NEWS, appeared on 14 July in Moscow. Described as a "fortnightly searchlight on world events", Issue No. 1 has a "slick" blue-green cover, contains 32 pages, is edited by M. Morozov and published by the newspaper TRUD. NEWS is purportedly designed to promote peace and counteract the "vicious war propaganda" disseminated in the West. Its announced purpose is to give a sober, balanced picture of international developments with particular attention devoted to Anglo-Saxon affairs. Principal contributions are expected to come from foreign visitors to Moscow and Soviet officials abroad. Also included are highly slanted commentaries on historical and current themes by well known Soviet artists, scientists, and intellectuals. [REDACTED] 25X1

COMMENT: Through NEWS, the Soviet Government may hope to reach the broad "peace movement" clientele that includes many individuals not primarily attracted by cumbersome Marxist descriptions of the class struggle.

"B" Moscow Continues to Rewrite History. Press reports from Latvia state that text books published between 1946 and 1950 are being bought up by Latvian book organizations. Presumably these books, particularly the 1946 history texts which contain favorable comment on US and Allied war efforts, are now obsolete and must be replaced by versions corresponding to the current line. A further suggestion of such practices is noted in Armenia where an announcement has been made that 67 new textbooks on some 2,000,000 copies are now available to teachers and students. [REDACTED] 25X1

"A" Moscow Continues to Struggle for Socialist Realism in Literature. Pravda's recent criticism of the appearance in an Ukrainian publication of a nationalist poem "Love Ukraine" has had the desired results. Sosyura, the author, has publicly repented for portraying the Ukraine in a nationalist non-Soviet light, writing a poem which contained no mention of Stalin and failing to arouse love for the great Soviet motherland. Admitting the justness of the criticism, Sosyura adds that it is impossible to imagine a separated Ukraine which, after all, won happiness with the assistance of the Russian people and other peoples of the USSR. He promised never again to write poetry in which a single line could be used by "nationalists who never loved and do not love our people, who cannot be called Ukrainians and who have nothing in common with our people." This recantation was joined by a public endorsement from the Ukrainian Party Central Committee of Pravda's criticism and admission by the Committee of weak ideological leadership. The subsequent removal of the Deputy Chairman of the Ukrainian Committee of Art Affairs was probably the Central Committee's first step in atonement.

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Another victim of the recurrent campaign for ideal Soviet literature is the eminent writer Konstantin Simonov, whose new book of poetry was attacked by Komsomol Pravda as too self-centered, overly erotic and failing to reflect Socialist reality and the pressing problems of today. [REDACTED]

[REDACTED] COMMENT: This incident is an illustration of the Kremlin's continual struggle to make the arts conform to the Party line. In the past, Simonov has been able to satisfy both the Party and literary critics by turning out sufficiently imaginative works and yet still confine himself to the official fantasy of "social realism". Sosyura, as a member of a minority race, however, is faced with added dilemma of portraying the theoretical "national equality" as propounded by the Moscow ideologues instead of the actual discrimination in favor of the Russian "elder brother" as practiced by the government and Party.

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"C" EASTERN EUROPE. POLAND. Strategic Goods Demanded from Austria in Trade Negotiations. The Polish Government is demanding ball bearings and 2500 tons of aluminum from Austria in exchange for coal at the bilateral negotiations now in progress. The type and quantity of ball bearings desired by Poland are not known. Thus far the Austrian Government has refused to include these items in the agreement, although as the Polish Government has pointed out, Poland was able to obtain ball bearings in recent negotiations with France. According to the Austrian negotiator, his country's dependence on Polish coal, which is being offered at three dollars less per ton than US coal, is not as great as the Poles seem to believe. [REDACTED] COMMENT: Poland is vitally interested in obtaining strategic goods and raw materials from Western Europe in exchange for its coal which is needed by the various heavy industries of Western Europe. If sufficient coal can be made available from Germany and the US, Austria will be able to reduce, if not ignore, Poland's demands.

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"A" RUMANIA. Rumanian Border Evacuation Reveals Internal Security Apprehension. The US Legation in Bucharest reports that the mass evacuation from the Rumanian-Yugoslav border which began about 15 June apparently ceased, at least temporarily, during the second week in July. Western observers in Bucharest now believe that the number evacuated did not exceed 20 to 30,000. The Yugoslav Charge estimates that 7,000 of the Yugoslav minority were included in the total. [REDACTED] COMMENT: Cessation of the border area evacuation strengthens the conclusion that this move does not indicate preparation for immediate hostilities. The apparently selective evacuation of Yugoslavs, other minority groups and hostile peasants strongly suggests that internal security considerations were a primary factor in the Rumanian action.

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SECTION 2 (EASTERN)

IRAN. Prime Minister Declares Martial Law in Tehran. Martial law was proclaimed in Tehran on 16 July following the bloody rioting of 15 July. The riot started when members of the National Front's "Toilers Party" clashed with Communist Front demonstrators in Parliament Square. Some 14 civilians are estimated to have been killed and 150 rioters have been arrested. Offices of the "Peace Partisans" and "Organization for the Struggle against the Oil Companies", both Communist Front groups, have been closed and their newspapers suppressed. The security forces are reportedly hunting for those leaders of the "Organization for the Struggle against the Oil Companies" who have not already been arrested.

COMMENT: Mossadeq has been a staunch advocate of freedom of speech and assemblage, and his action in declaring martial law in Tehran is indicative of the government's increasing concern over Communist activity in Iran. While the National Front clash with the Communist groups also suggests that the Nationalists intend to take a more vigorous stand against the Communists, such disorders play into the Communists' hands since they cannot help but further unrest and internal instability in Iran.

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ISRAEL/SYRIA. US Official Discusses a Possible Course of Settlement for Border Dispute. US Minister Cannon in Damascus, in commenting on possible future action on the Israeli-Syrian border dispute, feels that it will be necessary to take account of Syria's sense of outrage over Israel's non-compliance with the Security Council's resolution and General Riley's decision to resume work on the Huleh drainage project. He suggests that talks between Israel, Syria, and Jordan over the use of the Jordan River might be given to the creation of international machinery to supervise the use of the river until final peace is achieved. The Minister is not worried by the possibility that such talks would be useless and at times acrimonious. He feels that one of the worst aspects of the present situation is that both sides are uninformed on the real situation and state of mind in each other's country. He outlines the following course of action that might be adopted by the US: (1) communicate to Syria and Israel and publicly announce the concern of the US over Israel's non-compliance with the SC resolution in regard to the return of displaced Arabs from the Huleh region and the withdrawal of Israeli para-military forces; (2) in conjunction with the other sponsors of the Security Council resolution inform Syria, Jordan, and Israel of the current thinking on the desirability of their settling territorial and water rights questions and the necessity for the prompt completion of the drainage project; and (3) announce at the same time US support of action to prevent the resumption of work on the Arab-owned part of the drainage project until the Security Council resolution in all other respects has been complied with and the Arabs have been permitted to make a free decision about their lands.

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SYRIA. Fall of Government Again Rumored. Political observers in Syria expect that Parliamentary criticism of the government's budget and its

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failure to present any reform legislation will soon cause the fall of the Azm Government. The US Legation in Damascus reports that friends of the Chief of Staff Colonel Shishakli have joined in criticizing the Government, indicating that the Army has acquiesced in a cabinet change. Although there is general agreement on the early fall of the Government, no one seems certain of the probability or desirability of new elections in case the Populists of other opposition groups fail to form a new Cabinet.

COMMENT: There have been recurrent rumors of the fall of the Azm Cabinet almost since it came into office in March.

To date a certain amount of domestic political unity, a result of the Syrian-Israeli border dispute, has saved the Government. If the Government has lost the support of the Army, the single most powerful factor in Syrian politics, its fall is assured. If new elections are not held, in the event of the inability of any of the opposition parties to form a government, political stagnation with Army control of domestic affairs seems inevitable.

"C" IRAQ. Jewish Emigration Adversely Affecting Iraqi Army. Non-Jewish technicians with the Iraqi Army are leaving to take more lucrative positions in the Iraqi State Railroads and other government departments which have been hit hard by the departure of denationalized Jewish employees. The Army's low pay scale makes it unable to compete with the civilian economy for the services of the relatively small number of technically trained Christians and Moslem.

COMMENT: According to a recent count, 106,662 Jews have emigrated from Iraq to Israel. Aside from its effects on the Army, this exodus will severely weaken the entire economic system of Iraq at the beginning of a development period when the expanding economy will require markets, labor, capital and particularly technical and professional ability. The Iraqi import trade will be especially hard hit by the absence of Jewish capital which customarily finances it.

"C" LEBANON. Ex-Prime Minister Riad el-Solh Assassinated. Former Prime Minister Riad el-Solh was assassinated in Amman, Jordan, on 16 July, allegedly by members of the Syrian National Socialist Party in retaliation for the execution of their leader in 1949. Following news of the assassination, rioting broke out in Beirut. (NY Times, 17 July 51). The Syrian National Socialist Party has been outlawed since the Party's attempt to overthrow the government by force in 1949. The number of Lebanese supporters of the Party would be small because it advocates a union of Syria and Lebanon -- to which most Lebanese are violently opposed. The rioting in Beirut, which was mostly the work of elements interested in looting and destruction, will have little effect on the political situation in Lebanon.

"A" INDIA. Additional Sino-Indian Friendship Associations Established. According to the Peiping radio of 11 July, new branches of the Sino-Indian Friendship Association have been, or are being, formed at Patna, Bihar;

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Anantapur, Madras; and Kapurthala, Patiala and East Punjab States Union (PEPSU). [REDACTED] COMMENT: Previously, other associations were organized in Calcutta and Bombay. [REDACTED]

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"B" INDIA/PAKISTAN. New Tensions Developing Between India and Pakistan. Since 2 July when India lodged a complaint with the United Nations regarding Pakistani breaches of the cease-fire agreement in Kashmir, India has been attempting to convince UN Representative Frank Graham of Pakistan's aggressive intentions in that area and has taken several steps to place Pakistan militarily and propagandistically on the defensive. A few bellicose statements made by Pakistanis concerning the establishment of a Constituent Assembly in Indian-held Kashmir have been used by the Indians as an excuse to move practically the whole of their armed forces up to the Pakistani border. Pakistan has countered with a series of defensive troop movements. It has cancelled all military leaves and has placed all civil defense forces under military control. US and British representatives in South Asia are disturbed over the possibility of war between the two countries. [REDACTED]

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[REDACTED] COMMENT: War at the present time is not anticipated. India is obviously conducting a war of nerves against Pakistan, possibly hoping that the latter will commit an aggressive act while Graham is in the sub-continent. It has no intentions of opening itself to charges of aggression, however. Both the Pakistani Government and Army know that aggressive actions on their part would lead to war and probably to the eventual dissolution of Pakistan. Both will seek to prevent such actions though each will attempt to display a bold front toward the enemy. Between them, the government and the army have the capability to keep the Pakistani people and the tribesmen in hand, and it is believed that they will take appropriate measures to do so.

"B" BURMA. Socialist Leader Reported Negotiating With Communists. US Embassy Rangoon reports that it has received unconfirmed information indicating that U Ba Swe, the titular head of the Socialist Party, is attempting to undermine the Government by seeking the support of some insurgent Communist forces. His intermediary is said to be Thein Pe, a well-known aboveground Communist. [REDACTED] COMMENT: Ba Swe remained loyal to the Government when the pro-Communist Burma Workers and Peasants Party broke away from the Socialists last December, but only after considerable hesitation. The increasingly pro-Western attitude of Prime Minister Thakin Nu must certainly be distasteful to Ba Swe and a working arrangement with Thein Pe is entirely possible. Reports of their efforts to acquire armed support from the Communists is plausible since there would be no prospects of converting their ideology into accepted policy without it. It is extremely doubtful, however, that they could develop the means to take over the Government in the near future.

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Burmese Government Now Playing Down KMT Activities. The Burmese Government is now ignoring, and even playing down, the continued presence of Chinese Nationalist forces in northeast Burma. This is in direct contrast to the great anxiety displayed by Burmese officials last May when they threatened to place the problem before the UN. US Embassy Rangoon states that this attitude probably stems from a realization that Taipei exercises no control over the Nationalist forces and from a desire to avoid attracting further attention to the fact that the Burmese Government is incapable of maintaining internal security. The Embassy adds that this development is encouraging since it reduces the potency of a useful Communist propaganda weapon.

COMMENT: The Burmese unquestionably hope that the problem will dissolve with a minimum of friction. However, Nationalist activities in Burma can be easily exploited by the Chinese Communists either for propaganda purposes or to place political and military pressures upon Burma at anytime they choose.

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INDOCHINA. Editor of Catholic Newspaper Arrested. Tran Trung Dung, editor of an outspokenly nationalist Catholic newspaper in Hanoi was arrested in that city on 13 July by the Vietnamese Surete. Dung's arrest, on charges of pro-Communism, result from his conversations with the Indonesian journalist Sanjoto, in the course of which Dung disparaged French policy and indicated his personal respect for Ho Chi Minh.

Dung's arrest is the signal for a campaign against Vietnamese nationalists who are not co-operating with the French and the Bao Dai Government and who are considered pro-American.

COMMENT: Dung is not pro-Communist, but like many Vietnamese nationalists he admires Ho Chi Minh and believes that the primary nationalist task is to get rid of the French. The government of Vietnam is now controlled by Premier Tran Van Huu and Security Minister Nguyen Van Tam, who have in the past taken strong measures against opposition elements at the expense of non-Communist unity. Huu and Tam are both French citizens and are considered pro-French. They are unpopular and, according to a US official, have replaced competent officials in North Vietnam with other Vietnamese known to be slavishly pro-French.

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Bao Dai Decrees Total Mobilization. Bao Dai has signed a decree entrusting Premier Tran Van Huu with the power to requisition all "national facilities and properties", according to Radio Saigon. The decree confers very broad powers, although conscription of military manpower is excluded. One of the reasons cited to justify the decree was the possibility that a cease-fire agreement in Korea might increase the Communist threat to Vietnam's borders.

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"B" CHINA. Reports Indicate Chinese Supplying Less to Viet Minh. [redacted]

[redacted] the Chinese Communists shut off commercial traffic from Kwangsi into Indochina at Chennankuan, and that military shipments along this truck route are now greatly curtailed. In early July US officials in Saigon reported a Viet Minh order to discontinue shipments from Hainan Island. [redacted]

COMMENT:

Other reports describe increasing military shipments from China to the Viet Minh, but the continuing military weakness of Ho's forces indicates that such shipments have been smaller than sometimes alleged. However, reported highway construction in South China, along with the expected completion this summer of a railroad to the Indochina border, will greatly enhance Chinese Communist capabilities to extend logistic support to Viet Minh.

"B" Petroleum Smuggling to Communist China Increasing. Many Honduran, Panamanian, Greek and other flag vessels are calling at the Red Sea port of Djibouti (in French Somaliland) en route from Europe to load excess oil in tanks or bunkers for delivery to the Chinese Communist, according to the US Consul General in Hong Kong. Several Panamanian vessels arriving at Singapore and Hong Kong have recently been observed by port authorities overloaded with fuel oil below the Plimsoll (safety) mark.

COMMENT:

The smuggling by western-flag vessels of excess fuel oil stocks to the Chinese Communists has not previously been suspected on the scale indicated--a scale which may add significantly to meager Chinese supplies. US officials in Bangkok have discounted the report of gasoline smuggling from that port, although both the Philippines and Bangkok are frequently rumored to be active smuggling bases for oil traffic to China.

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Dalai Lama Reported Ready to Return to Lhasa. The New Delhi press reports that the Dalai Lama will depart Yatung for Lhasa on 22 July, and that Chang Ching-wu, Peiping's appointee as military governor of Tibet, departed Kalimpong for Tibet on 14 July. (U New Delhi 16 July 51). COMMENT: The 23 May agreement between the Peiping regime and the Tibetan delegation to Peiping made clear that Tibet was to be an integral part of Communist China and that the Dalai Lama, if he remained, would be subordinate to the Panchen Lama, a Peiping puppet. At that time, it appeared probable that the Dalai Lama would denounce the Peiping agreement and seek sanctuary abroad. The Dalai Lama's return to Tibet would facilitate the consolidation of Chinese Communist control over the area, although Peiping is capable of extending its control over Tibet no matter what the Dalai Lama may do.

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More Troops Ordered into Tibet. The Nationalist Ministry of Defense reports that the Chinese Communist Southwest Military Area on 20 June was ordered to make preparations for the movement of more troops into Tibet. In implementation of this command: (1) the 18th Army at Changtu, in western Sikang, some 300 miles east of Lhasa, was ordered to prepare for a long march; (2) the logistic command at Hsinching in western Szechuan, southeast of Chengtu, is to complete highway connections with Tibet and transport three months supply of rations to Changtu prior to 1 September; and (3) the 2nd Air Transport Group at Chengtu was ordered to give "all possible assistance".

COMMENT: The Chinese Communist capabilities of moving troops into Tibet proper, despite the difficulties presented by terrain and climatic conditions, remains unimpaired by the Korean War. An estimated 30,000 of the 450,000 troops located north and east of Tibet could be sent into Tibet and supported there. The remaining Tibetan forces, estimated at no more than 5000, are not believed capable of offering opposition stronger than guerrilla resistance to any Chinese Communist armed penetrations.

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KOREA. Enemy Possibly Extending Jet Operations. Recent enemy jet fighter operations support the Far East Air Forces' estimate that the enemy is capable of extending his air defensive operations to cover all of Communist-held North Korea. Not only has the last week produced several air engagements in the Pyongyang area involving moderate to large-size enemy groups, but also evidence of possible enemy use of large external fuel tanks was observed. Large silver tanks were observed to have been dropped by enemy jets in their first pass at UN F-51's attacking Kangdong airfield northeast of Pyongyang.

USAF technical intelligence has for some time reported that the MIG-15 was believed capable of a combat radius of more than 400 nautical miles if large tanks (approximately 150 gallons) were used. The above sighting, if confirmed, would be the first visual support of this potential capability. (The combat radius of the MIG-15 with 33 gallon external wing tanks is estimated to be about 250 nautical miles.)

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SECTION 3 (WESTERN)

"C" GERMANY. Socialists Again Criticize US and British Labor Units. The Social Democratic Party (SPD) recently launched another bitter attack against the German Labor Service Units maintained in the US and UK zones. The SPD alleges that the members of these labor and guard units are removed from German jurisdiction, and that there is a tendency to transform the units into a paramilitary organization. The SPD criticized the fact that the Allies had reorganized the labor units secretly and without consulting the Bundestag, and demanded immediate **action** to assure that the units do not become auxiliary troops. Government party deputies agreed with the SPD that action with respect to the labor units must not prejudice the question of German rearmament. Liaison Bonn comments that the matter of the labor units remains a touchy element of Allied-German relations, but does not believe the problem will be raised again in the near future.

[redacted] **COMMENT:** The US and UK together maintain about 86,000 German and other employees under contract to guard installations and provide technical assistance. Although these units are not intended to be cadres for a German armed force, the USSR has protested their existence. The SPD, which is opposing German rearmament, suspects that an attempt may be made "through the back door" to create armed forces; it therefore opposes the US-UK labor units as well as the proposal to double the size of the Federal border police.

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"B" Allies Considering Use of Small Air-Lift in Berlin Crisis. Since the USSR is still maintaining its restrictions on West Berlin's export trade, the Allied Commandants in Berlin decided not to send their representatives to the meeting scheduled for 17 July to discuss the trade situation with the Soviets. They had earlier been instructed by HICOM to attend only if the restrictions had ceased. The Commandants also have considered mitigating the effect of the restrictions on the West Berlin economy through the use of military trains or convoys, or a small air-lift. The US Commandant prefers, however, to postpone further tripartite discussion of these measures in view of alleged French "leaks" to the Soviet authorities of information from Allied discussions.

[redacted] **COMMENT:** The Allies are still holding up approval of the new interzonal trade agreement between East and West Germany, pending a satisfactory settlement of the Berlin trade situation. Further countermeasures, such as extension of the present embargo on shipments of certain goods from West Germany and West Berlin to East Germany, are also still under consideration, although McCloy feels that our action on the new interzonal trade pact is our major weapon.

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"B" ITALY-VATICAN. Reported Change in Catholic Action Leadership Would Strengthen Christian Democratic Left Wing.

[redacted] the Pope has decided on the gradual replacement of the leaders of Catholic Action (Vatican lay organization) with men completely

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trusted by Luigi Gedda. The latter will be raised to President General of Catholic Action, thus replacing Vittorino Veronese who will be given a position without organizational functions. [REDACTED]

[REDACTED] COMMENT: Gedda is a strong supporter of the Dossetti group, which is pressing for a one-party (Christian Democratic) administration and a corporative form of state. Such a change in Catholic Action's leadership would improve the prospects of the militantly reformist Dossetti left wing of the Christian Democrats for obtaining ministerial posts in the new Italian cabinet.

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"B" TRIESTE. Rightist Elements Plan Demonstrations. The Italian Socialist Movement (MSI), in collaboration with irresponsible elements in Italian rightist parties of Trieste, is reportedly planning to organize action squads for sabotage against the AMG, especially the British element, in order to force the return of the Free Territory to Italy. These elements hope to force the British out of Trieste by acts of violence as was done in Israel. An emissary of the Italian Government reportedly brought large sums of money to Trieste recently for the use of pro-Italian parties and a portion of this fund is to be used to finance the organization of action squads. [REDACTED]

COMMENT: The MSI, a neo-Fascist Italian party with a branch in Trieste, received about 6% of the votes in the 1949 Trieste communal elections. While the MSI, with the collaboration of some elements of other rightist parties could cause some disturbances, it could not succeed in driving out the Western powers without the support of the major Italian parties. It is unlikely that the Italian Government would support rightist inspired acts of violence in Trieste. The Italian Government has endeavored to curb the objectives of the MSI in Italy where a direct action group appears to be growing bolder and planning more terroristic activity.

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"C" NORWAY. Defense Planning Inadequate to Achieve Medium Term Defense Plan Goal. [REDACTED] feels that Norwegian defense plans for the projected buildup and improvement of its forces are inadequate to achieve its Medium Term Defense Plan contribution by December 1952. Although responsible Norwegian officials continue to assert that the government intends to fulfill its commitments by the target date, the mission believes that without radical changes in the Defense Ministry's approach, the program will not be complete, especially qualitatively, before the original target date of mid-1954. [REDACTED]

COMMENT: The Defense Ministry has continually failed to outline concrete plans for implementation of its general program, and its most recent presentation on the defense program proved again to be merely a recapitulation of goals without detailed plans. Although one step towards the buildup to 45,000 men by late 1952 is a royal proclamation of 13 July to call up 1952 conscripts 6 months early, much more comprehensive concrete measures are needed for the MTDP goals to be met qualitatively.

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"C" UNITED KINGDOM/France. Governments Oppose Any Spanish Link to Western Defense. The UK is firmly opposed to Spain's admission to NATO, also opposes "any closer association between Spain and any member of the Atlantic Pact," and has so advised the US, a Foreign Office spokesman has told the press. Britain has been in touch with France on the matter, and in Paris French officials said France opposes the idea as "politically unwise".

[redacted] COMMENT: The British and French Governments have never hidden their opposition to bringing Spain into Western defense plans. This official British announcement, however, coming on the occasion of Admiral Sherman's visit to Spain appears to mark the beginning of a publicity campaign to dissuade the US from further action, following a recent Cabinet decision adverse to a Spanish tie in any form. The French fear that their welfare may be sacrificed to a Pyrenees defense concept. British and French opposition is especially strong due to the political complexion of the present governments, as both the British Labor Party and several of the elements likely to form the basis of the French Government in coming months have strong traditions of hostility toward Franco Spain.

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"B" MOROCCO. French Rightist Considers Juin's Activities in Morocco Harmful.

[redacted] General Juin's activities in Morocco are "nefarious". Because greater cooperation with the Moroccans is advisable, the Sultan's wishes for a non-military Resident General should be given consideration. He feels, therefore, that General Eisenhower should request Juin to start his work with SHAPE soon, adding that Juin would do an excellent job with SHAPE.

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[redacted] COMMENT: There is considerable feeling in French official circles that France's interests in Morocco are being jeopardized by Juin's repressive policy. Nevertheless, the French Government has not curtailed Juin's freedom of action. Juin has frequently reiterated his determination to stay until the present crisis has dissipated. He has also indicated some dissatisfaction with his SHAPE assignment.

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"C" GUATEMALA. US Ambassador Comments on Recent Guatemalan Disturbances. The US Ambassador, in evaluating the significance of recent civil disturbances in Guatemala, states that the scope and character of the flareup showed a strong popular current of dissent from the Communist trends. He adds that the demonstrations were not directed against the Arbenz government as such, but specifically against pro-Communist elements. The Ambassador believes that the tenor of the pronouncements over the government radio as well as the decree suspending constitutional guarantees — with their blame on national and international reactionary forces — show that the same groups are "in the saddle" as under Arevalo. The Ambassador concludes that President Arbenz' failure to give the slightest evidence of a will to restrain or to cope with the Communists and pro-Communist elements suggests that he is disposed to continue to go along with them.

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CENTRAL INTELLIGENCE AGENCY

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17 July 1951

SECTION 1 (SOVIET)

"A" CZECHOSLOVAKIA. Foreign Minister Rejects US Note on Oatis. According to US Ambassador Briggs in Prague, there was no meeting of minds during a 16 July conversation he had with Foreign Minister Siroky in which Briggs set forth the US stand that Oatis had been illegally arrested and imprisoned and should be released subject to immediate deportation. Siroky acrimoniously replied that the US note delivered by Briggs, in daring to criticize Czechoslovak judicial procedure, was an attempted infringement of Czechoslovak sovereignty. Although Siroky verbally rejected the note, he did not return it to Briggs, but instead stated that he would communicate its contents to a Cabinet meeting scheduled for the next day and would subsequently convey to the Embassy the Czechoslovak Government's reply.

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COMMENT: The State Department intends to proceed with retaliatory measures including: (1) the denial of military permits for Czechoslovak travel in Western Germany, (2) an embargo on US exports, and (3) blocking of Czechoslovak assets in the US. The State Department is also planning in the near future to offer to exchange for Oatis a Czech convicted of espionage in West Germany. The Czechoslovak Government has evinced interest in this individual.

"B" RUMANIA. Foreign Ministry Organization Revealed. The US Legation Bucharest has received from a reliable Rumanian source detailed information on the organizational structure of the Rumanian Foreign Ministry. According to the source, extremely centralized control is maintained over every activity of the Ministry by three Assistant Ministers. Final authority, however, is in the hands of Iosif Chisinevski, who holds no title in the Ministry, but is Vice-Premier and one of the secretaries of the Communist Party Central Committee. The Moscow trained Chisinevski allegedly "speaks with the voice of authority of the Kremlin" and relieves Ana Pauker of all but "matters of greatest importance".

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COMMENT: Chisinevski (alias Roitman) is believed to be one of the most powerful Rumanian Communists, the Rumanian representative of the MGB and a direct link for the transmission of Kremlin directives to the Rumanian Party and Government.

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SECTION 2 (EASTERN)

"B" EGYPT. Egyptian Foreign Minister Threatens to Denounce Anglo-Egyptian Treaty. The Foreign Minister has informed US Ambassador Caffery that he will announce the end of the Anglo-Egyptian talks, publish the minutes of his conversations with the British Ambassador, and denounce the 1936 treaty with the UK, unless something unexpected happens in Anglo-Egyptian negotiations on the defense of the Suez Canal Zone before the mid-August adjournment of the Egyptian Parliament. COMMENT: The Foreign Minister has made a similar statement to the British Ambassador, who felt it did not have the authorization of the Egyptian Cabinet. The British Ambassador considered there was some possibility of getting King Farouk, who recognizes the importance of obtaining British cooperation in the defense of the Suez Canal area, to disavow such a move. Important political decisions are not customarily made in Egypt during the summer, especially with the King the Prime Minister out of the country. It is, however, not unlikely that anger over the forthcoming Security Council attempts to have the Egyptian Suez Canal restrictions lifted plus a resurgence of nationalism generated by events in Iran will encourage Egypt to denounce the treaty.

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"B" PHILIPPINES. Further Consultations over Japanese Reparations to the Philippines Suggested. Ambassador Cowen in Manila recommends the need for a "cooling-off" period with regard to the problem of Philippine demands that the Japanese Peace Treaty insure reparations to the Philippines. He suggests that a series of consultations on the matter might accomplish this end and avoid a breach in US-Philippine relations which could have far-reaching consequences.

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